

## Message Text

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12  
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-03 INR-07 L-02 ACDA-05

NSAE-00 PA-01 PRS-01 SP-02 USIA-06 TRSE-00 SAJ-01

DODE-00 H-02 NSC-05 SS-15 EB-07 /070 W  
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R 161545Z MAY 75  
FM USMISSION NATO  
TO SECSTATE WASHDC 1871  
INFO USMISSION EC BRUSSELS  
USMISSION OECD PARIS

C O N F I D E N T I A L USNATO 2766

E.O. 11652: GDS  
TAGS: MPOL PFOR ECON NATO

SUBJ: NATO STUDY OF ECONOMIC ISSUES

REF: A. STATE 101659; B. USNATO 2546

1. SPC ON MAY 15 CONSIDERED THE ECONOMIC COMMITTEE PAPER ON SECURITY AND POLITICAL IMPLICATIONS OF THE ECONOMIC SITUATION (AC/127-D/508).

2. CANADIAN REP (ROY) SAID HIS AUTHORITIES CONSIDERED THE PAPER A VERY GOOD STUDY. HE WONDERED, HOWEVER, IF PARAGRAPHS 5, 6 AND 7 DID NOT STATE A LITTLE TOO PESSIMISTICALLY THE CONSEQUENCES TO THE ALLIES OF THE ECONOMIC SITUATION. HE ALSO NOTED THAT TABLE 3 IN THE DOCUMENT SHOWED THAT SINCE 1973 THE BALANCE OF PAYMENTS OF THE TWO NORTH AMERICAN ALLIES HAD STEADILY AND SIGNIFICANTLY WORSENERED, CONTRARY TO THE WIDELY HELD BELIEF IN LATE 1973 THAT THE RESULTS OF THE ARAB-ISRAELI WAR WOULD LEAD TO A RELATIVELY STRONGER BALANCE OF PAYMENTS POSITION FOR THE U.S. AND CANADA.

3. MC REP (GROUP CAPTAIN CMITH) NOTED THE STATEMENT IN PARA 6 THAT THE NATO COUNTRIES HAVE RELATIVELY MORE MEN UNDER ARMS  
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WORLD-WIDE THAN THE WARSAW PACT. HE SAID HE WISHED TO CHECK IF THIS WERE STILL TRUE.

4. FRG REP (CITRON), RE THE REMARKS OF THE CANADIAN REP,

NOTED THE CAUTIOUS WORDING OF PARAS 5, 6 AND 7, WHICH WERE ONLY INTENDED TO INDICATE A WARNING, TO POINT OUT TO GOVERNMENTS THAT THERE IS AN ELEMENT OF DANGER IN THE PRESENT ECONOMIC SITUATION FOR ALLIED SECURITY. FRG CONSIDERED THIS AN EXCELLENT REPORT.

5. DANISH REP (VILLADSEN) POINTED OUT THAT THERE ARE STILL BRACKETS AROUND THE PHRASE IN PARA 7 WHICH READS: "THE FOREGOING COULD INCREASE IN SOME COUNTRIES THE RISK OF POLITICAL EXTREMISM". HE SUGGESTED THAT THE REPORT BE MORE CLEAR ABOUT WHAT WAS MEANT BY "THE FOREGOING". ACTING CHAIRMAN (KILLHAM) SUGGESTED REPLACING "THE FOREGOING" BY "SUCH DEVELOPMENTS". THE COUNTRIES WISHING THE BRACKETS (PORTUGAL AND GREECE) MADE NO COMMENT.

6. TURKISH REP (GUR) NOTED THAT IF INTERNAL ECONOMIC PRESSURES IN ALLIED COUNTRIES LEAD TO REDUCTIONS IN DEFENSE EXPENDITURES, THIS WILL HAVE AN ADVERSE INFLUENCE ON DETENTE. HE THOUGHT THAT SPC SHOULD NOT TRY TO AMEND THE TEXT OF THE ECONOMIC COMMITTEE DOCUMENT, BUT THAT THE CHAIRMAN'S COVER NOTE SHOULD SEEK TO ACCOMMODATE REMARKS WHICH HAD BEEN MADE IN SPC.

7. ACTING CHAIRMAN SAID THAT INTERNATIONAL STAFF WOULD DRAFT A COVER NOTE, REFLECTING THE DISCUSSION IN THE SPC, FOR SPC CONSIDERATION AT A LATER DATE.

8. MISSION HAS CONFIRMED THAT THE PAPER ON SECURITY AND POLITICAL IMPLICATIONS OF THE ECONOMIC SITUATION WILL BE ON THE DPC MINISTERIAL AGENDA AS AN ECONOMIC COMMITTEE DOCUMENT, TO SERVE AS A REFERENCE UNDER THE AGENDA ITEM "MINISTERIAL GUIDANCE", PER PARA 1, REF A. BRUCE

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<< END OF DOCUMENT >>

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